

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
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FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC 8004  
INFO AMEMBASSY BRASILIA  
AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L SECTION 1 OF 3 SAO PAULO 2455

E.O. 11652: GDS  
TAGS: ELAB, BR  
SUBJ: METALWORKERS CHALLENGE WAGE POLICY

1. SUMMARY: MILITANT SAO PAULO METALWORKERS LED BY A.B.C. AUTOMOBILE WORKERS HAVE SEIZED ON THE RECENT VARGAS FOUNDATION REVISION IN 1973 RATES OF INFLATION TO CHARGE THAT GOB MANIPULATED COST OF LIVING INDEX, RESULTING IN ARTIFICIALLY LOW WAGE ADJUSTMENTS, AND ARE DEMANDING A 34.1 PERCENT CORRECTIVE INCREASE. THE SAO BERNARDO LOCAL UNION OF METALWORKERS HAS ANNOUNCED THAT IT WILL SEEK REDRESS THROUGH THE LABOR COURTS, AND AS A LAST RESORT BY STRIKE ACTION. IN A MEETING ON SEPTEMBER 6 WITH FINANCE MINISTER SIMONSEN AND THE MINISTER OF LABOR, PLANNING, AND INDUSTRY AND COMMERCE -- REPORTEDLY THE FIRST DISCUSSION OF OVERALL WAGE POLICY SINCE 1964 -- THE LEADERS OF THE SAO PAULO STATE FEDERATION OF METALWORKERS WHICH REPRESENTS 850,000 METAL, MACHINE, AUTOMOBILE AND ELECTRICAL APPLIANCE WORKERS, USED THE OPPORTUNITY TO PRESENT A 31-PAGE DOCUMENT WHICH CALLED FOR AN OVERHAUL OF EXISTING LABOR LEGISLATION WHICH INTER ALIA WOULD RESTORE COLLECTIVE BARGAINING, THE RIGHT TO STRIKE, ELIMINATE GOVERNMENT COLLECTED COMPULSORY UNION DUES, AND ALLOW BRAZILIAN TRADE UNIONS COMPLETE AUTONOMY. WHILE SIMONSEN SAID HE WOULD STUDY THE DOCUMENT THE MINISTERS ISSUED A STRONG NOTE, SEPTEMBER 8, STATING THAT "THE GOVERNMENT IS

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NOT CONSIDERING EXAMINING ANY REVISION OF WAGE ADJUSTMENTS", AND ASSERTED THAT THE METALWORKERS' DEMANDS WERE WITHOUT MERIT AND INOPPORTUNE IN LIGHT OF CURRENT NEEDS TO CONSOLIDATE GAINS IN THE ANTI-INFLATION FLIGHT. THE METALWORKERS RESPONDED THE SAME DAY TO THE GOVERNMENT'S ARGUMENTS AND REASSERTED THEIR INTENTION TO PURSUE THEIR DEMANDS BY ARBITRATION OR STRIKE ACTION. SINCE THE EXCHANGE SIMONSEN AND VELLOSO HAVE FOUND IT NECESSARY CONSTANTLY

TO REITERATE THE GOVERNMENT'S POSITION. THE SAO BERNARDO LOCAL MEANWHILE HAS FILED A SUIT IN THE LABOR COURTS FOR BACK WAGES. OTHER UNIONS, FEDERATIONS AND CONFEDERATIONS HAVE BEGUN TO SUPPORT THE METALWORKERS DEMANDS, INCLUDING THE MILITANT ANTI-REGIME BANKWORKERS, PRO-GOVERNMENT LIGHT AND POWER WORKERS AND OTHER LOCAL UNIONS THROUGHOUT BRAZIL. THE METALWORKERS HAVE ALSO SCHEDULED A NATIONAL MEETING TO BE HELD IN PORTO ALEGRE ON OCTOBER 7 TO SEEK SUPPORT FROM ALL BRAZILIAN METALWORKER UNIONS. THE CAMPAIGN HAS ATTRACTED NATIONALWIDE ATTENTION AND SYMPATHY FROM OTHER SEGMENTS OF BRAZILIAN LABOR. IT REPRESENTS THE MOST SERIOUS LABOR-MANAGEMENT CONFRONTATION SINCE THE LAST MAJOR STRIKE IN BRAZIL IN 1968 WHICH ALSO INVOLVED THE SAO PAULO METALWORKERS. ALTHOUGH THE GOVERNMENT HAS MADE ITS POSITION AGAINST ANY CORRECTIVE SALARY INCREASES CLEAR, IT IS IMPORTANT TO NOTE THAT IT HAS TOLERATED THE INCREASED UNION ACTIVITY. LABOR MINISTER PRIETO SAID ON SEPTEMBER 17 THAT THE GOVERNMENT WOULD ACCEPT THE LABOR COURTS DECISION "WHATEVER IT IS" REGARDING THE 34 PERCENT INCREASE -- DESPITE THE NERVOUSNESS OF THE SECURITY SERVICES AND EMPLOYERS. END SUMMARY:

2. THE SAO BERNARDO METALWORKERS UNION, WITH 38,000 MEMBERS, PRINCIPALLY AUTO WORKERS, REACTED TO REVISIONS IN A MEASURE (THE IMPLICIT PRICE DEFLATOR) OF THE 1973 INFLATION RATE BY DEMANDING A 34.1 PERCENT CORRECTIVE SALARY INCREASE. ALTHOUGH THIS MEASURE IS NOT INCLUDED IN THE LABOR MINISTRY WAGE ADJUSTMENT FORMULA, LABOR CRITICS FEEL THIS IS EVIDENCE THAT THE GOVERNMENT DELIBERATELY UNDERSTATED THE ADJUSTMENT NECESSARY TO COMPENSATE FOR INFLATION

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IN 1973. CITING CHAPTER AND VERSE OF THE LABOR LAW, METALWORKERS PRESIDENT LUIS INACIO DA SILVA, SAID ON AUGUST 31 THAT THE UNION WOULD CONSULT ITS MEMBERSHIP ON WHETHER IT WOULD UNDERTAKE A SUIT TO OBLIGE EMPLOYERS TO PAY THE INCREASE, NOTING THAT SHOULD THE UNION BE UNSUCCESSFUL, A STRIKE WAS ONE POSSIBILITY OPEN TO THE WORKERS. IT IS NEARLY IMPOSSIBLE FOR WORKERS TO STRIKE LEGALLY. THE LAW IS COMPLICATED, CONTRADICTORY - AND HAS REPORTEDLY NEVER BEEN APPLIED. NEVERTHELESS, THE THREAT OF A STRIKE HAD THE SHOCK EFFECT OF CALLING ATTENTION TO THE METALWORKERS' UNHAPPINESS. IN THEIR SEPTEMBER 3 MEETING, THE METALWORKERS DECIDED TO FIGHT FOR THE 34.1 PERCENT INCREASE AS WELL AS AN ADDITIONAL 20 PERCENT TO MAKE UP FOR LOSSES ALLEGEDLY INCURRED BETWEEN APRIL AND SEPTEMBER OF THIS YEAR, DUE TO GOVERNMENT DECREED SALARY GUIDELINES LESS THAN THE COST OF LIVING INCREASES.

3. LABOR MINISTER PRIETO REACTED TO THE METALWORKERS' DEMANDS STATING THAT THE GOVERNMENT DOES NOT FEAR STRONG UNIONS, ALTHOUGH HE DID NOT BELIEVE THAT A STRIKE WAS JUSTIFIED. FINANCE MINISTER SIMONSEN SAID HE WAS PREPARED TO DISCUSS SALARY READJUSTMENT WITH THE UNIONS. THE MEETING TOOK PLACE IN BRASILIA ON SEPTEMBER 6, REPORTEDLY THE FIRST GOVERNMENT-UNION MEETING SINCE 1964 ON SALARY POLICY. THE GOVERNMENT WAS REPRESENTED BY THE MINISTERS OF

FINANCE, PLANNING, LABOR AND INDUSTRY AND COMMERCE. REPRESENTATIVES OF THE 38 SAO PAULO METALWORKERS UNIONS, WITH A MEMBERSHIP OF 850,000 WERE PRESENT. THE POSITIONS OF BOTH SIDES WERE REVEALED ON SEPTEMBER 8 IN THEIR OFFICIAL NOTES TO THE PRESS. THE GOVERNMENT NOTE, SIGNED BY THE MINISTERS OF LABOR, FINANCE AND PLANNING, STATED THAT "THE GOVERNMENT IS NOT CONSIDERING EXAMINING ANY REVISION OF SALARY ADJUSTMENT." IT CLAIMED THAT THE UNIONS' DEMANDS WERE WITHOUT MERIT SINCE SALARY ADJUSTMENT INDICES ARE BASED ON LABOR MINISTRY CALCULATIONS RATHER THAN ON GETULIO VARGAS FOUNDATION, UNIVERSITY OF SAO PAULO, OR DIEESE (THE STATISTICAL AND RESERACH ORGANIZATION OF SAO PAULO UNIONS AND SEVERAL OTHERS THROUGHOUT BRAZIL) FIGURES; ANY UNDERESTIMATION OF PRICES IN 1973 WAS COMPENSATED FOR BEGINNING IN JANUARY, 1974; ANY UPWARD REVISION OF 1973 FIGURES  
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WOULD IMPLY A DOWNWARD REVISION OF 1974 FIGURES, AND THAT WOULD HAVE

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R 221430Z SEP 77

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 8005

INFO AMEMBASSY BRASILIA

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ADVERSELY AFFECTED SALARY READJUSTMENTS IN 1975 (WHICH WERE ABOVE THE COST OF LIVING, RESULTING IN REAL SALARY GAINS FOR WORKERS); THE GOVERNMENT ONLY ESTABLISHES MINIMUM GUIDELINES WHICH ARE OFTEN EXCEEDED BY FIRMS DUE TO MARKET FORCES. THE GOVERNMENT ALSO STATED THAT THE UNION DEMAND WAS INOPPORTUNE SINCE IT COMES JUST WHEN THE GOVERNMENT IS CURBING INFLATION, AND THAT A LOW INFLATION RATE IS IN WORKERS' INTERESTS.

4. THE LABOR MINISTRY CALCULATIONS FOR DETERMINING SALARY INCREASE GUIDELINES ARE A MAJOR ISSUE WITH THE UNIONS. THEY ARE REPORTEDLY BASED ON COST OF LIVING FIGURES IN 15 CITIES AND FACTOR IN INFLATION OVER THE PAST YEAR, ESTIMATED INFLATION OVER THE NEXT YEAR, AND PRODUCTIVITY GAINS. THE BASIS FOR THE LABOR MINISTRY'S CALCULATIONS WERE NOT AVAILABLE AT THE MEETING BETWEEN THE GOVERNMENT AND UNIONS AND, IN FACT, HAVE NOT BEEN PUBLISHED SINCE 1969. THE DIEESE FIGURES FOR 1973 ARE ALMOST IDENTICAL TO THE CORRECTED GETULIO VARGAS FOUNDATION FIGURES FOR THAT YEAR. THE UNIONS ASSERTED THAT THE LABOR MINISTRY USED THE ERRONEOUS COST OF LIVING FIGURES. ARGEU DOS SANTOS, PRESIDENT OF THE SAO PAULO STATE FEDERATION OF METALWORKERS, TOLD A CONGEN OFF IN FEBRUARY THAT HE WAS CONVINCED THAT GOVERNMENT SALARY GUIDELINES WERE NOT THE PRODUCT OF SERIOUS ANALYSIS. HE CLAIMED THAT WAGE ADJUSTMENT DECREES WERE DETERMINED TO FIT THE GOVERNMENT'S POLICY NEEDS. DOS SANTOS PREDICTED THAT

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WORKERS WOULD ACCEPT THE DECLINE IN THEIR LIVING STANDARDS AS LONG AS JOBS WERE PLENTIFUL BUT EXPECTED LABOR UNREST SHOULD JOBS BECOME SCARCE. (JOB OFFERS FOR METALWORKERS IN SAO ARE AT ABOUT THE SAME LEVEL THEY WERE A YEAR AGO, PRINCIPALLY DUE TO THE DECLINE IN EMPLOYMENT IN THE AUTO INDUSTRY, CONSTRUCTION AND A FEW OTHER SECTORS.)

5. THE METALWORKERS ANSWERED THE GOVERNMENT NOTE THE SAME DAY. THE UNION NOTE STATED THAT IT HAS BEEN PUBLICLY PROVEN THAT SALARY INCREASES HAVE BEEN BELOW COST OF LIVING INCREASES, EXCEPT FOR 1975. THE NOTE MAINTAINS THAT THE ERROR IN THE 1973 INFLATION RATE WAS NOT IMAGINED; THE FINANCE MINISTER HIMSELF ADMITTED IT. METALWORKERS DID NOT EXPECT THE GOVERNMENT SPONTANEOUSLY TO CHANGE ITS SALARY INDICES, SO THEY NOW WILL TAKE THEIR CASE TO THE LABOR COURTS. THE UNIONS ARE AWARE THAT ONLY LABOR MINISTRY CALCULATIONS FORM THE BASIS FOR SALARY ADJUSTMENTS AND WOULD LIKE TO QUESTION THOSE CALCULATIONS IF THEY COULD BE MADE AVAILABLE. THE UNIONS STATED THAT THEY REALIZED THAT OPENING UP THE QUESTION IMPLIES REVISION OF 1974 FIGURES AND WELCOMED IT. ACCORDING TO THEIR CALCULATIONS, WORKERS SHOULD HAVE RECEIVED INCREASES OF 31 PERCENT IN 1973 AND 42.5 PERCENT IN 1974, INSTEAD OF THE 18 PERCENT GRANTED BY THE GOVERNMENT IN EACH OF THOSE YEARS. THE NOTE CHALLENGED THE GOVERNMENT'S OBSERVATION THAT FIRMS GRANT INCREASES ABOVE THE GOVERNMENT'S MINIMUM GUIDELINE DUE TO MARKET FORCES. IT AGREED THAT DIEESE FIGURES DO NOT REFLECT THE SITUATION ELSEWHERE IN BRAZIL, BUT ARGUED THAT UNIFORM GOVERNMENT GUIDELINES RESULTED IN DOWNWARD LEVELING OF INCREASES, NOT ALLOWING WORKERS TO PARTICIPATE IN SECTORAL PRODUCTIVITY OR PROFIT GAINS. THE UNIONS AGREED WITH THE GOVERNMENT ON THE WORKERS' INTEREST IN CONTROLLING INFLATION BUT NOTED THAT THEY HAD NO CONTROL OVER POLICY AND HAD SUFFERED AS A RESULT OF IT. THE UNIONS REITERATED THEIR DETERMINATION TO PURSUE THEIR GOALS.

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6. THE MEETING HAD SEVERAL RESULTS. IT CALLED ATTENTION TO THE SERIOUSNESS OF THE METALWORKERS' DEMANDS AND THEIR FEELING THAT THE WORKER IS OBLIGED TO SUFFER THE BRUNT OF GOVERNMENT ANTI-INFLATION POLICIES. IT ALSO SHOWED THAT THE GOVERNMENT IS NOW WILLING TO DEBATE ISSUES THAT HAVE LONG BEEN TABOO, A LESSON THAT WAS NOT LOST ON BUSINESS LEADERS, WHO BEGAN REAFFIRMING THEIR SUPPORT FOR THE GOVERNMENT'S WAGE POLICY. THE MEETING ALSO PROVIDED THE UNIONS WITH AN OPPORTUNITY TO OBTAIN PUBLICITY FOR A PETITION THAT THEY HAD BEEN TRYING TO PRESENT TO THE PRESIDENT AND ECONOMIC MINISTERS SINCE LAST MAY. THE PETITION IS A 31-PAGE ATTACK ON THE ORGANIZATION OF BRAZILIAN LABOR SINCE VARGAS. IT CALLS FOR INTER ALIA AN OVERHAUL OF EXISTING LABOR LEGISLATION WHICH WOULD RESTORE COLLECTIVE BARGAINING, THE RIGHT TO STRIKE, ELIMINATE GOVERNMENT COLLECTED COMPULSORY UNION DUES, ALLOW TRADE UNIONS COMPLETE AUTONOMY, UNEMPLOYMENT COMPENSATION FINANCED SOLELY BY EMPLOYERS, AND PARTICIPATION BY LABOR IN ALL GOVERNMENT DECISION AND POLICIES WHICH AFFECT LABOR. LUIS INACIO DA SILVA, PRESIDENT OF THE SAO BERNARDO METALWORKERS, TOLD CONGEN THAT THE DOCUMENT IS IMPORTANT SINCE IT COMPREHENSIVELY SETS FORTH FOR THE RANK AND FILE THE KIND OF TRADE UNION MOVEMENT AND OVERALL LABOR PROGRAM THE LEADERSHIP STANDS FOR. IT IS BEING USED, IN SIMPLIFIED FORM, TO ENCOURAGE MEMBERS TO JOIN UNIONS AND TO INCREASE UNION MILITANCY.

7. SINCE THE SEPTEMBER 6 MEETING, VARIOUS MINISTERS HAVE BEEN OBLIGED TO REITERATE THE GOVERNMENT'S POSITION AGAINST CORRECTIVE SALARY INCREASES. PLANNING MINISTER VELLOSO NOTED THAT IF THE GOVERNMENT GAVE IN ON THE METALWORKERS' DEMANDS IT WOULD START A CHAIN REACTION, DESTROYING THE SUCCESS ACHIEVED SO FAR IN FIGHTING INFLATION. HE OBSERVED THAT THE UNIONS CAN TRY TO OBTAIN INCREASES FROM THEIR EMPLOYERS, BUT THE INTER-MINISTERIAL PRICE COUNCIL WOULD NOT ALLOW FIRMS TO PASS THOSE INCREASES ON TO CONSUMERS. FINANCE MINISTER SIMONSEN TOLD AN O ESTADO DE SAO PAULO INTERVIEWER THAT HE WAS NOT OPPOSED TO A RELAXATION OF CONTROLS ON LABOR IN THE CONTEXT OF A GENERAL POLITICAL RELAXATION, BUT AFFIRMED THAT THE GOVERNMENT'S SALARY POLICY SHOULD BE MAINTAINED IN ANY CASE. PRESIDENT GEISEL IMPLEMENTED THAT RECOMMENDATION ON SEPTEMBER 14

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BY DECREETING THAT THE SALARY READJUSTMENT FOR THE MONTH OF SEPTEMBER WOULD BE 40 PERCENT, THE SAME AS IT HAS BEEN FOR THE LAST SEVEN MONTHS. MEANWHILE ANTICIPATING CONTINUING BATTLES OVER THE ISSUE, THE NATIONAL COUNCIL ON SALARY POLICY REPORTEDLY BEGAN PREPARING, IN CONJUNCTION WITH THE LABOR MINISTRY, A FULL EXPLANATION OF SALARY

INCREASES SINCE 1973, FOR USE BY THE ARENA LEADERSHIP IN CONGRESS.

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AMCONSUL RIO DE JANEIRO

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8. THE CAMPAIGN FOR CORRECTIVE WAGE INCREASES HAS ATTRACTED NATIONWIDE ATTENTION AND SYMPATHY FROM UNIONS THROUGHOUT BRAZIL. THE SAO BERNARDO AND SANTO ANDRE METALWORKERS (ABC INDUSTRIAL TRIANGLE) HAVE FILED SUITS IN THE LABOR COURTS FOR BACK WAGES. THE SAO PAULO STATE FEDERATION OF METALWORKERS HAVE DECIDED TO BRING A CLASS ACTION SUIT ON THE BASIS OF THE ERRONEOUS FIGURES. THE PRO-GOVERNMENT NATIONAL FEDERATION OF ELECTRIC POWER WORKERS AND THE MILITANT ANTI-REGIME NATIONAL CONFEDERATION OF BANKWORKERS HAVE ALSO DECIDED TO FILE SUITS IN THE LABOR COURTS. METALWORKER UNIONS HAVE SET UP A NATIONAL MEETING FOR OCTOBER 7 IN PORTO ALEGRE TO SEEK SUPPORT FROM ALL BRAZILIAN METALWORKER UNIONS. WORKERS AT PETROBRAS ARE DEMANDING A 96 PERCENT INCREASE -- THAT IS A 50 PERCENT CORRECTIVE INCREASE PLUS COMPENSATION FOR CURRENT COST OF LIVING. ALSO, IN WHAT MAY BECOME A PRECEDENT FOR UPCOMING WAGE DEMANDS MANY LOCAL UNIONS HAVE BEGUN TO CONSULT THEIR MEMBERSHIP ON JOINING THE CAMPAIGN FOR CORRECTIVE WAGE INCREASES.

9. THE CAMPAIGN FOR CORRECTIVE INCREASES IS THE MOST IMPORTANT CHALLENGE ORGANIZED LABOR HAS PRESENTED THE GOVERNMENT SINCE THE LAST MAJOR STRIKE IN BRAZIL IN 1968 WHICH ALSO INVOLVED SAO PAULO METALWORKERS. OCTAVIO FRIAS, PUBLISHER OF FOLHA DE SAO PAULO, TOLD CONGEN OFF THAT IN HIS OPINION THE UNION DEMANDS ARE THE MOST IMPORTANT POLITICAL ISSUE TO ARISE SINCE 1964. WHILE THE GOVERNMENT

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HAS EMPHASIZED THAT IT IS NOT WILLING TO GIVE ON WAGE POLICY, IT IS TOLERATING THE DRAMATICALLY INCREASED LEVEL OF UNION ACTIVITY, DESPITE THE NERVOUSNESS OF SECURITY OFFICIALS AND BUSINESSMEN. NIRCLES BREDÁ, ADVISOR TO THE SAO PAULO STATE SECRETARY OF LABOR, TOLD CONGEN OFF THAT HE THOUGHT THAT THE GOVERNMENT HAD TO PERMIT THE MORE OPEN DISCUSSION OF LABOR ISSUES, IN ORDER TO PREVENT DE FACTO LEADERSHIP FROM SLIPPING FROM CURRENT UNION LEADERS TO MORE RADICAL FORCES. BREDÁ SAID THAT HE WAS CONVINCED THAT THE COMMUNISTS PARTY (PCB) WAS ATTEMPTING TO ORGANIZE WORKERS IN THE SAO PAULO METROPOLITAN AREA. HE ALSO NOTED THAT THE METALWORKERS WERE RECEIVING HIGHLY PROFESSIONAL NO-COMMUNIST ADVICE FROM PROFESSORS AT THE UNIVERSITY OF SAO PAULO AND THE GETULIO VARGAS FOUNDATION, FROM CEBRAP (AN INDEPENDENT THINK TANK) AND FROM THE FIRST RATE TEAM AT DIEESE. EVERY ACTION OF THE UNIONS HAS BEEN STRICTLY WITHIN THE LETTER OF THE LAW. THE GOVERNMENT COULD NOT LEGALLY PROHIBIT ANY ACTION OF THE UNIONS SO FAR. O ESTADO DE SAO PAULO LABOR EDITOR ITABORAI MARTINS TOLD CONGEN OFF THAT HE ALSO THOUGHT THE PCB WAS ACTIVE IN THE SAO PAULO UNION MOVEMENT, BUT SAID THAT THE COMMUNISTS WERE FOLLOWING A LONG RANGE STRATEGY, SUPPORTING THE SAME OBJECTIVES AS THE DEMOCRATIC LEADERS IN HOPES OF WORKING THEIR WAY INTO THE UNION HIERARCHY. MARTINS NOTED THAT BUSINESSMEN WERE BECOMING MORE REALISTIC IN THEIR APPRECIATION OF THE IMPLICATIONS OF A POLITICAL OPENING. STILL, THEY WERE MORE READY TO ACCEPT COLLECTIVE BARGINING THAN THEY WERE THE RIGHT TO STRIKE. SAO BERNARDO METALWORKERS PRESIDENT, LUIS INACIO DA SILVA, WHO HAS BEEN THE LEADER UP TO NOW IN PRESSING UNION DEMANDS, SAID THAT HE HAD A PERSONAL STAKE IN THE CAMPAIGN. HE IS RUNNING FOR RE-ELECTION. THE CAMPAIGN IS DIFFICULT BECAUSE THE UNION HAS BEEN LOSING MEMBERSHIP DUE TO WORKERS' APPREHENSIONS ABOUT THEIR JOBS IN THE SOFT LABOR MARKET. FIRMS CAN FIND REASONS FOR DISMISSING WORKERS WHO ARE UNION ACTIVISTS. FROM INACIO DA SILVA'S VIEW-POINT, THE CAMPAIGN IS USEFUL TO INCREASE UNION MEMBERSHIP AND MILITANCY, EVEN UNIONS ARE NOT SUCCESSFUL IN OBTAINING THE CORRECTIVE

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WAGE INCREASE. HE DOES NOT BELIEVE THERE IS STRONG RANK AND FILE SUPPORT FOR A STRIKE, BECAUSE OF JOB INSECURITY AND BECAUSE THE AUTO INDUSTRY CURRENTLY HAS HIGH INVENTORIES OF FINISHED VEHICLES. THE BROAD, LONG-RANGE ASPECTS OF THE UNIONS' CAMPAIGN MAY BE THE MOST IMPORTANT. IT IS SERVING A AWAKEN WORKERS TO THE POTENTIAL POWER OF ORGANIZED LABOR AND MAKE THEM AWARE OF WHAT NEEDS TO BE CHANGED IN THE PRESENT SITUATION. IT ALSO IS AN ATTEMPT TO ASSURE THAT ORGANIZED LABOR WILL HAVE A VOICE IN ANY POLITICAL OPENING. IN THE SHORT RUN, HOWEVER, THE UNIONS' DEMANDS AND GOVERNMENT POLICY ARE AT LOGGERHEADS.

10. THE BANKWORKER'S SUPPORT IS IN LINE WITH THEIR LONG HISTORY OF MILITANCY AND ANTI-REGIME OUTLOOK. THE PETROBRAS AND POWER

WORKER SUPPORT IS SURPRISING; PARTICULARLY THE LEADERSHIP OF THE POWER WORKERS WHICH IS RANKED HIGH AMONG LEADING "PELEGOS" (GOVERNMENT STOOGES). THE FEELING IS THAT LOCAL LEADERS AND RANK-AND-FILE UNHAPPINESS WITH GOVERNMENT WAGE POLICIES, COST-OF-LIVING, ETC., HAS FORCED THE NATIONAL LEADERS TO TAKE A MORE MILITANT STAND.

11. SAO BERNARDO METALWORKERS ARE REPORTED TO HAVE TURNED DOWN REQUEST FROM MDB FEDERAL DEPUTIES WHO WISHED TO "LEND SOLIDARITY" AND SPEAK AT GENERAL MEMBERSHIP MEETING IN WHICH CORRECTIVE INCREASES WERE TO BE DISCUSSED. SAO PAULO METALWORKERS HAVE ALSO STEADFASTLY REFUSED TO PARTICIPATE IN RECENT STUDENT DEMONSTRATIONS.

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## Message Attributes

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